



BALTIMORE

Baltimore's Budget: Setting Priorities

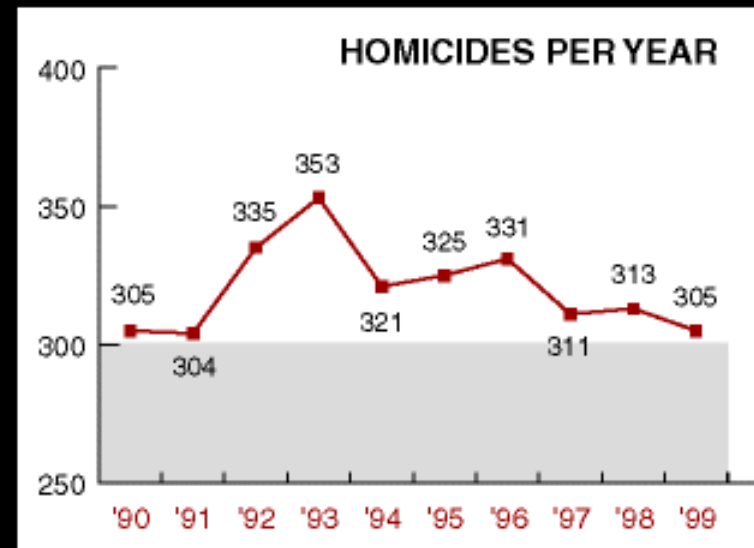
Cabinet Meeting

March 20, 2001

BALTIMORE

300 MURDERS ANNUALLY

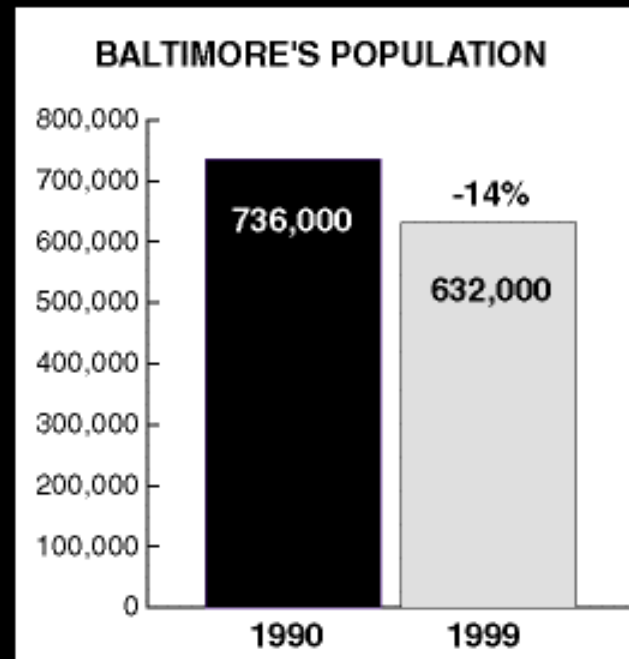
- Baltimore lost more than 3,000 residents to murder during the 1990's, never dipping below 300 murders/year during the decade.



POPULATION LOSS

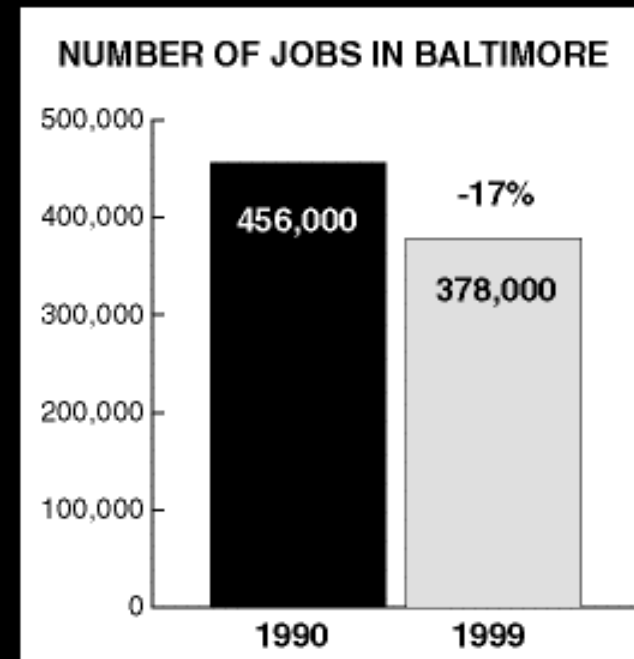
- During the 1990's, Baltimore's population dropped by more than 100,000 people, from 736,000 in 1990 to 632,000 in 1999.

This 14% decline was the second largest population loss in the country.



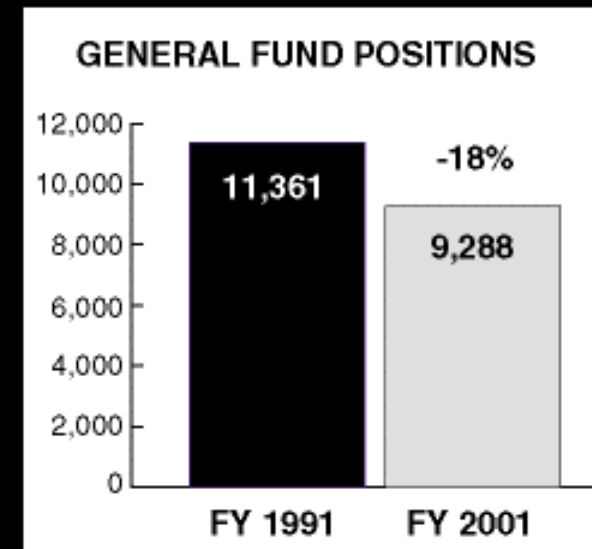
JOB LOSS

- From 1990 to 1999, the number of jobs in Baltimore fell from 456,000 to 378,000 – a 17% decline, or more than 700 jobs per month.



BALTIMORE ADJUSTS

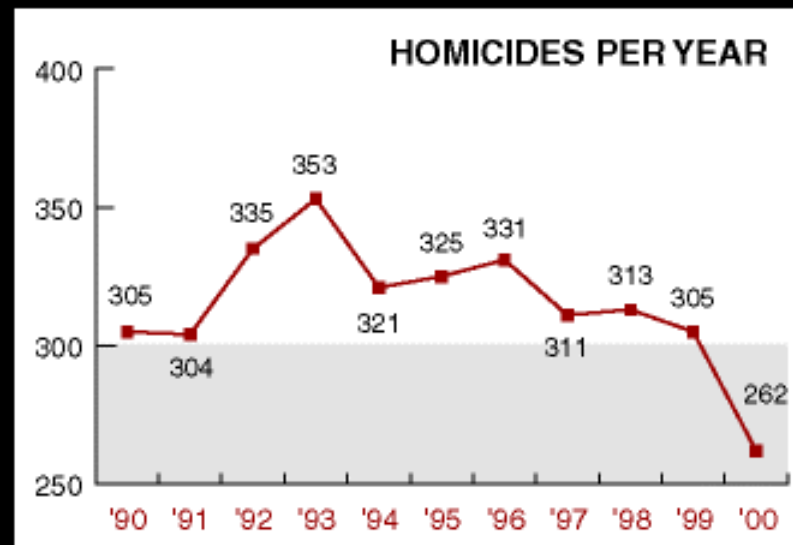
- City adjusted to decline by reducing workforce by 18%.
- Too often, cuts reduced investment in quality of life:
 - Police pay became uncompetitive.
 - Trash collection suffered.
 - Rec & Parks cut.
 - Infrastructure investments postponed.



BALTIMORE

CRIME IS DECREASING

- Murders dropped 14%, from 305 to 262.
- Violent crime declined by 15%.
- Baltimore had the nation's biggest reduction in murders for the second half of 2000.



PROGRESS CONTINUES

- Shootings are down by 26% compared to 2000.
- Violent crime is down 15%.
- Baltimore remains on pace to finish with fewer murders than last year.

PROPERTY VALUES UP

- Metro Baltimore is the hottest real estate market in the country, with home resale values up 25% last quarter.
- Existing home sales in Baltimore City were up by 41%, 46% and 65% in the last 3 reported months.
- Property assessments went up by 3.4% in the city last year, with downtown growing by 20%.

CREATING NEW JOBS

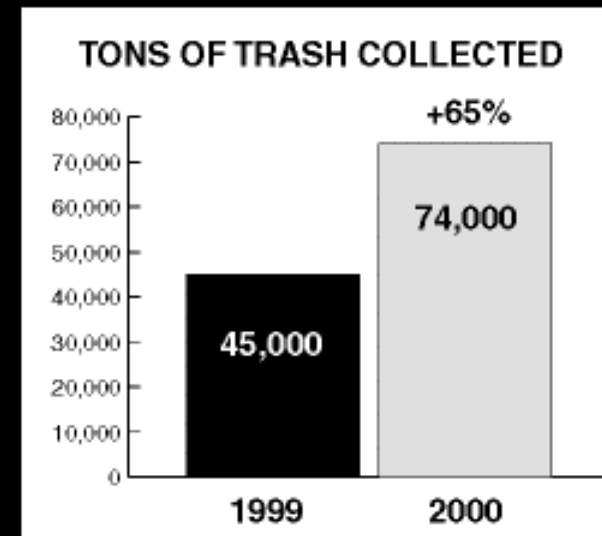
- After losing 80,000 jobs during the 1990s, Baltimore's economy is coming back.
- More than 8,200 jobs created in 2000, and 14,000 new jobs from 1/99 to 12/00.

PROGRESS HAS A PRICE

- Raise for police & additional prosecutors.
- Police overtime resulted in \$15.9 million in added costs to achieve the nation's greatest reduction in crime for the second half of 2000.
- These investments are making Baltimore a safer city.
- Extra \$5 million investment in schools.

PROGRESS HAS A PRICE

- Cleanups and reorganizing the Bureau of Solid Waste added \$2.3 million in new costs.
- We collected 65% more trash last year than 1999 – 74,000 tons compared to 45,000 tons.
- This investment is making Baltimore cleaner.



REALIGNING PRIORITIES & MAKING TOUGH CHOICES

- 5 firehouses closed - 7 fire companies total.
- 9 Neighborhood Service Centers closed.
- Police pulled from 9 PAL centers.
- Small raise and health benefit concessions from city unions.

CitiStat: BETTER MANAGEMENT

- Saved \$2.2 million in fleet: 415 fewer vehicles and 51% fewer take home cars.
- Productivity of housing inspectors up 300%.
- Unscheduled leave cut by up to 67 percent in the Department of Public Works' four Bureaus. 100 additional employees at work.
- 94 employees fired – and 102 suspended since 12/1/00 – mostly for absenteeism.
- Overtime reduced by \$1.2 million in 3 Bureaus of DPW.
- 2,000 bypassed water meters found, bringing an additional \$150,000 per year.

COSTS OUTPACE REVENUES

- This year, revenues grew only 1.5% but the cost of keeping services at the same level grew by 2.4%.
- For 2002, revenue growth is projected to increase by 1/3 to 2%, but, despite cuts, growth of fixed costs is anticipated to rise to 4.5%.
- Until revenue growth matches fixed costs, over the short term, Baltimore will struggle yearly with a deficit.

FY 2001 BUDGET

- As much as a \$8.1 million gap.
- Will be closed through:
 - A hiring freeze;
 - Better management through CitiStat; and
 - Redeploying personnel – including peak time scheduling and new shifts.

FY 2002 BUDGET: Difficult Choices Remain

- \$21.4 million deficit projected for FY 2002, despite cuts and job and revenue growth.
- We will look at making deeper cuts and additional layoffs. CitiStat will help
- Implement or reconsider GBC/President's Roundtable recommendations.
- Raising the energy and piggyback taxes are a last resort.
- Property taxes definitely will not increase.

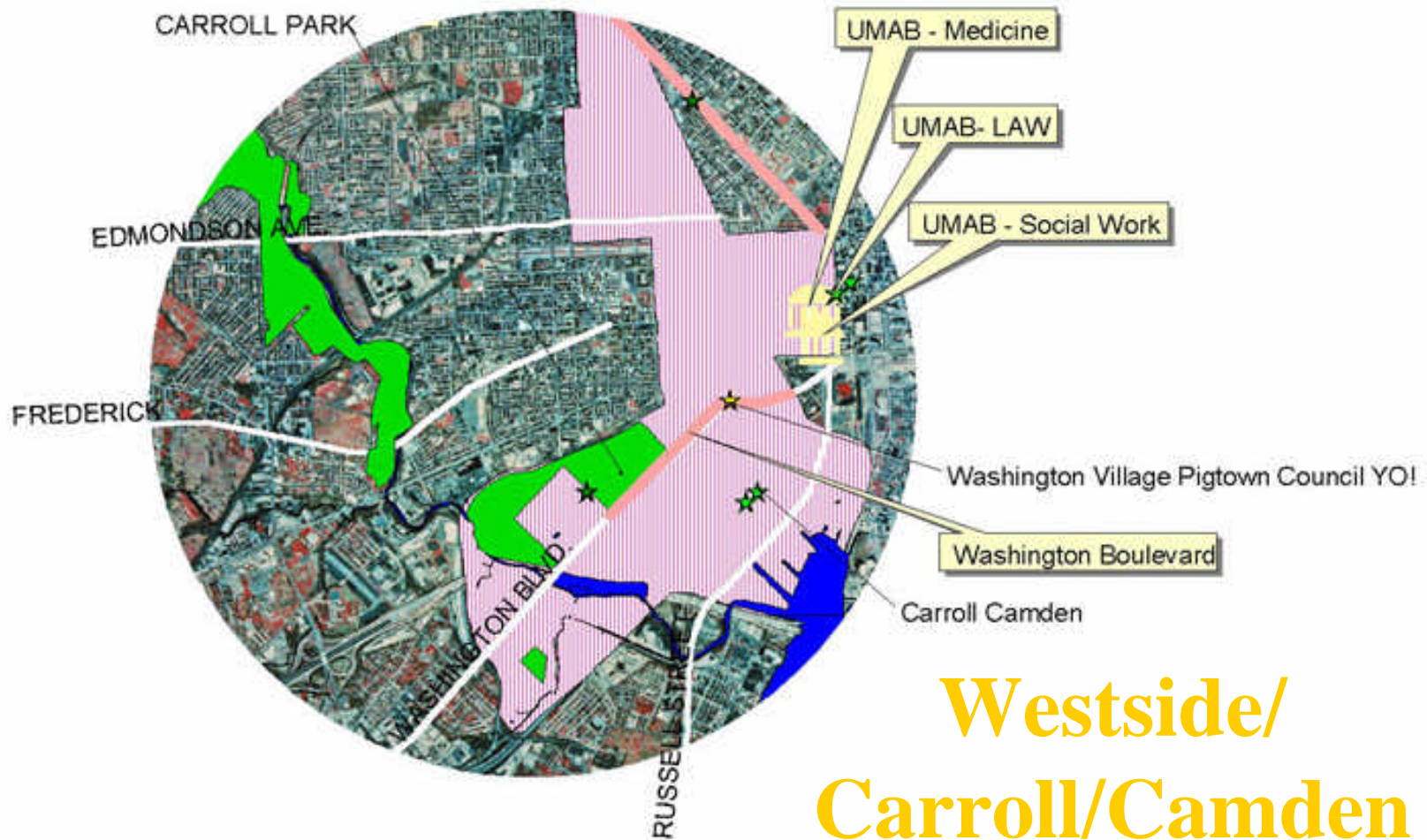
LOW TAX CAPACITY HIGH TAX EFFORT

- According to the State Department of Legislative Reference:
 - Baltimore has the 2nd lowest tax capacity in the State, bettering only Somerset County.
 - Baltimore places the highest tax burden in the State, by far, on its taxpayers.

BALTIMORE'S TAX BASE IS GROWING

- Higher assessments are phased in over 3 years.
- When crime is cut, revenues grow:
 - In New Orleans, crime down by 47, and revenues increased by 17%.
 - In New York, crime down by 41%, and revenues increased by 26%.
- Baltimore is next.

Making targeted investments, now, in our strengths will allow Baltimore's economy to move to the next level. On the Westside of Downtown, we are leveraging strengths, including our primary gateway from DC and the University of Maryland – and leveraging private investment.



We are investing in the infrastructure and assembling the land to make Carroll Camden a showplace for redevelopment and new jobs.





We are recreating Baltimore's historic shopping district as a 24-hour neighborhood to live, work and play.





UNIVERSITY OF MARYLAND LAW & SOCIAL WORK SCHOOL

\$43M Project

Opening Fall
2002



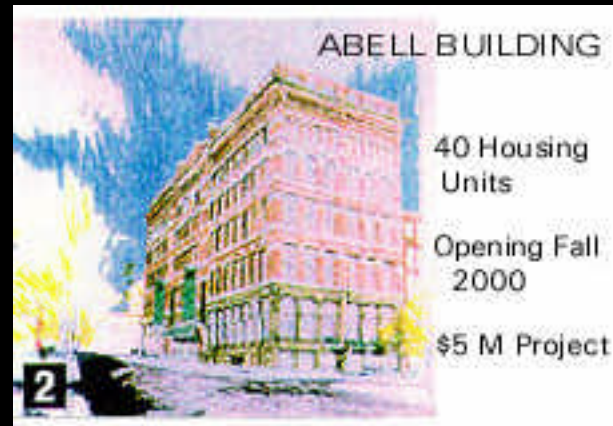
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151 Housing Units 700 Car Garage
\$17M Project Opening January 2000



3

REDWOOD TOWERS



ABELL BUILDING

40 Housing
Units

Opening Fall
2000

\$5 M Project

2



CENTERPOINT

Mixed-Use
50,000 sq. ft.

Retail
334 Housing
Units

400+ Car
Garage

\$54.4M
Project

1



QUADRANGLE

302 Housing
Units

\$36M Project

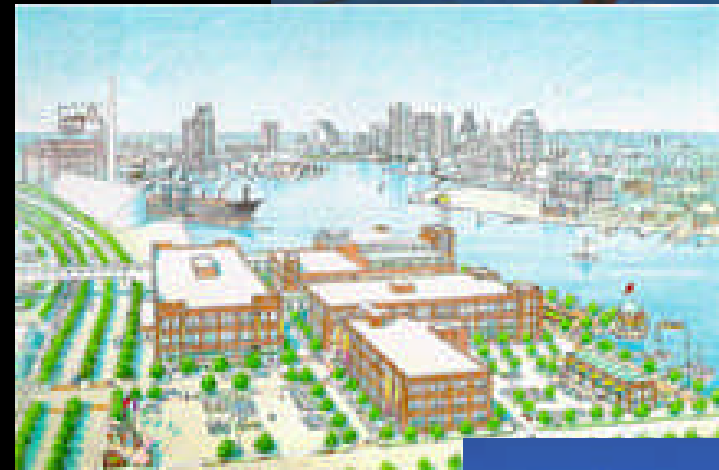
Opening
Summer
2001

5

Digital Harbor

We are building from our strengths, like our universities, which are the backbone of the new economy, and our parks and our waterfront.

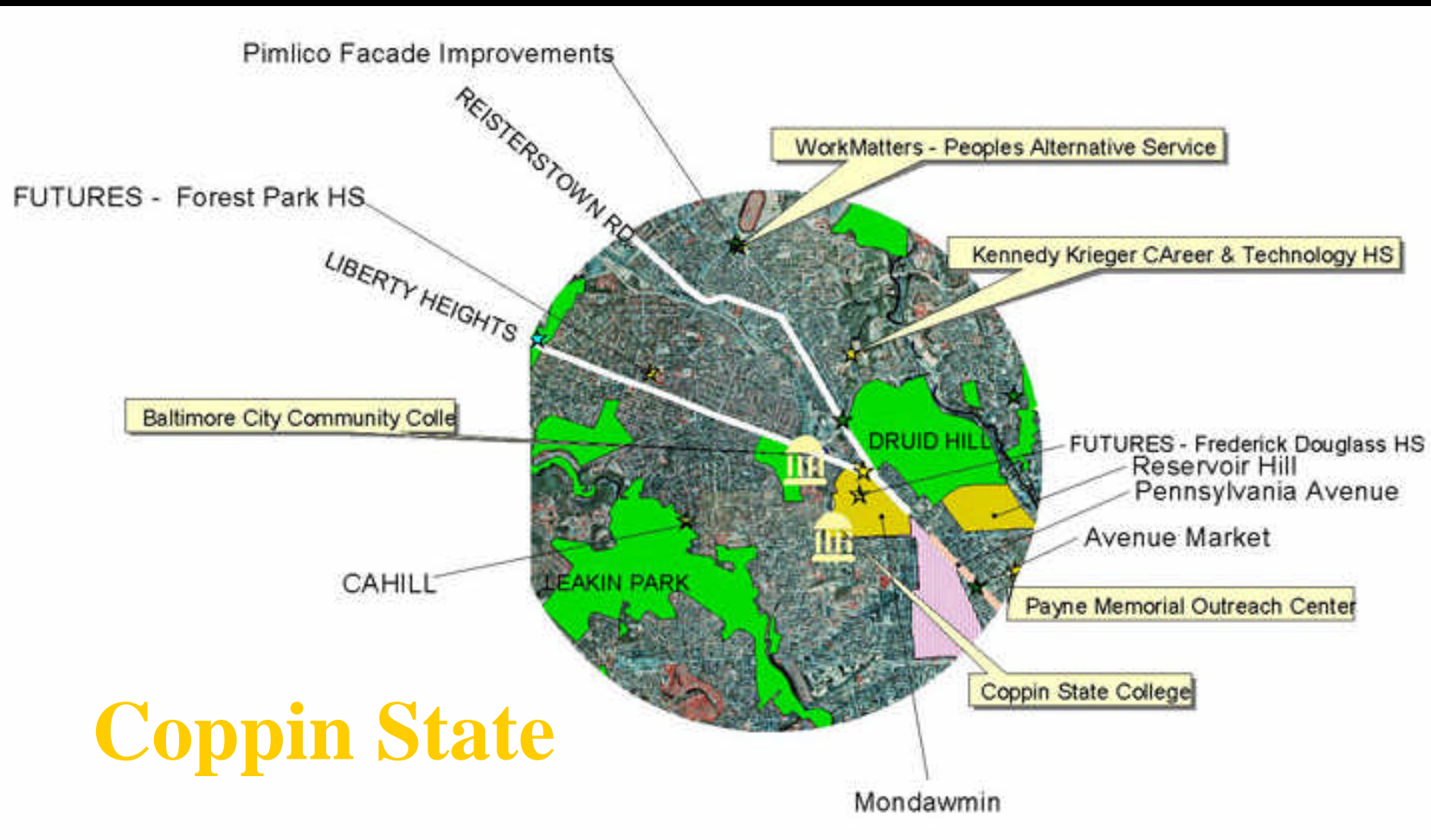
Baltimore's Digital Harbor will be the center of Maryland's knowledge-based economy. We will spur investment, jobs and the economic rebirth of our city.



The renovated, mixed-use Can Company complex employs 800 workers

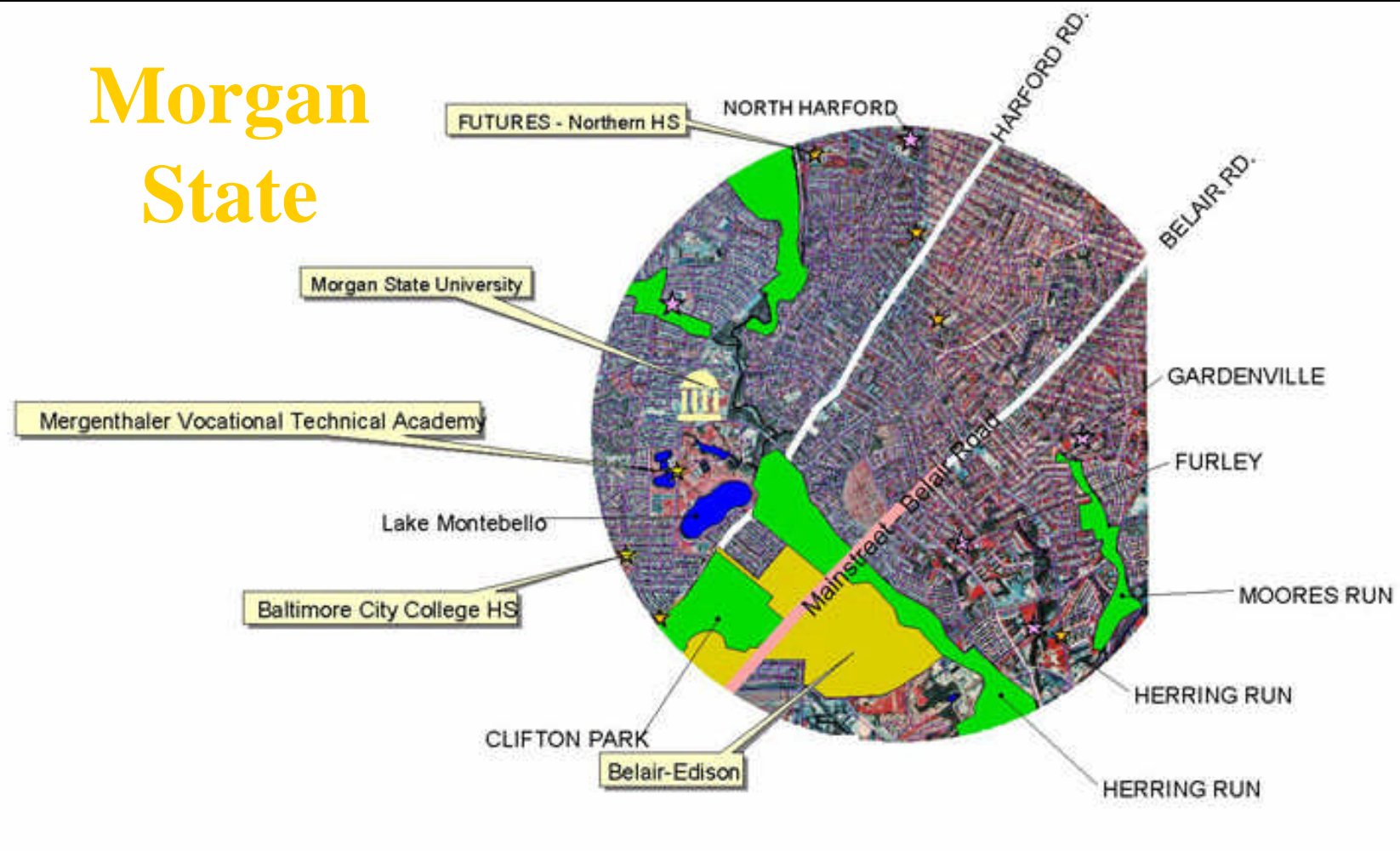


Building from our universities, and lifting the surrounding neighborhoods, will ensure that Baltimore's people will be able to meet the demand created by 8,000 unfilled tech jobs in the Baltimore area.



Strong institutions like Morgan and Coppin will be the platforms for targeting investment in our city.

Morgan State



BALTIMORE

LONG-TERM PROMISE

- Baltimore is coming back.
- Baltimore's rebound will:
 - Create jobs;
 - Increase population; and
 - Grow tax base.

